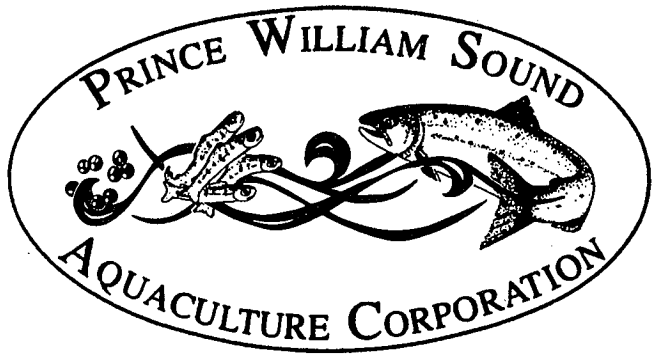

February 7, 2011

Sam Rabung
PNP Hatchery Program Coordinator
Alaska Department of Fish and Game
PO Box 25526
Juneau, Alaska 99802

Dear Mr. Rabung, Sam

Enclosed are pink salmon Permit Alteration Requests (PARs) for our Armin F. Koernig, Cannery Creek, and Wally Noerenberg Hatcheries. These are the same PARs submitted last year and would reinstate previously permitted hatchery capacity which was removed in 1999. PWSAC is resubmitting these requests on the basis of new information and analysis as well as additional evidence that a modest increase in the average yearly production of pink salmon in Prince William Sound (PWS) is commensurate with projected demand, existing production infrastructure and our collective management capability.

As you will recall, PWSAC addressed the Department's concerns regarding the 2010 PARs in our July 7, 2010 letter (Attachment 1). These issues were reviewed by the Regional Planning Team (RPT) and ultimately, the Commissioner denied the request based upon: 1) staff concerns about the challenges associated with managing a mixed stock fishery, and 2) longstanding uncertainties about hatchery origin pink salmon straying into adjacent streams (Attachment 2).

Pink Salmon Fisheries Management

In Attachment 1, PWSAC addresses the Department's concern that harvesting large hatchery runs (>15 million pink salmon) would hinder the Department's effectiveness in achieving escapement goals due to the inability to limit wild stock harvest. We agree that management of a mixed stock fishery has its complexities, but also note that the Department has done an exemplary job of meeting this challenge throughout the long history of the PWS enhancement program. For example, we know that the minimum pink salmon sustainable escapement goal (SEG) has been exceeded in all years since it was established (2002-2009) except in 2008. During that same eight year period, the average combined pink salmon return for AFK, CCH, and WNH was 22.2 million fish. In fact, the combined total exceeded 25 million pink salmon in four out of the eight years and 30 million in three of those years.

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Additionally, the 2010 combined AFK, CCH, and WNH pink salmon return was the largest on record due to the highest combined marine survival rates we have ever experienced. The 1998-2009 combined average pink salmon marine survival rate is 5.8% yet, in 2010, the combined average marine survival rate was 12.2% - clearly an anomaly (Attachment 3).

As a result, approximately 50.5 million pink salmon returned to PWS from the three facilities of which, 47.3 million (94%) were harvested by the commercial common property fishery, 2.6 million for hatchery operator cost recovery, and 539,000 collected for broodstock (Attachment 4). As anticipated, the Alaska salmon industry, fueled by strong worldwide demand for Alaska salmon and recent investments in local processing capacity infrastructure, was able to efficiently harvest and process this unexpectedly large return. An astonishing 3.2 million pink salmon (~12 million pounds) were harvested during the first opener targeting the hatchery returns on August 1, followed by a 4.7 million fish harvest (~18 million pounds) on August 3. An everyday fishing schedule began on August 5 and continued until the close of the season on September 22. During the first 12 daily fishing periods (August 5-16) the average daily harvest was approximately 2.6 million pink salmon (~10 million pounds).

As stated above, the 2002-2009 average combined pink salmon return for AFK, CCH, and WNH is 22.2 million fish. The return range for this time period is 10.7 million (2004) to 33.2 million (2003). These figures provide context and highlight the uniqueness of the 2010 return which exceeded the previous largest combined total return by 17.3 million. Even with this extraordinary enhanced pink salmon return, the Department reports that overall wild stock escapement was well within the even-year SEG range and was achieved through attentive management by targeting fishing effort on the enhanced pink salmon return (Attachment 5). Moreover, the Department highlights the success of minimizing the wild stock pink salmon harvest to only 2.3 million; "*the 14th lowest wild stock harvest by number in the last 50 years.*"

The 2010 PWS pink salmon fishery supports the lessons of many prior years and illustrates well the Department's effectiveness and track record at successfully achieving escapement goals while harvesting enhanced returns greater than 15 million pink salmon.

Uncertainties of Enhanced Salmon Straying into Adjacent Streams

PWSAC addressed the Department's concerns regarding the most recent estimates of hatchery origin salmon straying into adjacent streams in our July 7, 2010 letter (Attachment 1). In return, the Department acknowledged that there is no research that clearly demonstrates genetic impact from Alaska pink salmon enhancement programs like PWSAC conducts (Attachment 2). This then leaves the concern of any potential impact to the genetic integrity of PWS wild stocks to theoretical speculation and of little help in consideration of these PARs. As the contemporary PWS enhancement program celebrates its 35th anniversary this year, it is encouraging that there has been no

identified harm to or degradation of the wild salmon stocks while attaining the goal of providing for a sustainable pink salmon fishery.

The Department also recognized in its September 2, 2010 letter, that the lack of knowledge and clear proof one way or the other could be offered as a roadblock to hatchery development. While the precautionary principle is a central tenet of fisheries management in Alaska, its meaningful application necessarily demands the inclusion of *knowns* along with that yet *unknown*. In this instance, the 35 year history of pink salmon enhancement in PWS along with the documented health and abundance of comingling wild stocks are compelling *knowns* and must be a part of any balanced consideration of this request.

As you know, PWSAC participated in recent meetings with Department staff and other Alaska hatchery operators to identify research needs to increase our knowledge of hatchery/wild interactions. Please be assured that PWSAC has and remains committed to this endeavor and will work closely with the Department as we investigate opportunities as well as the limits of the enhancement program.

Increasing Demand for Alaska Pink Salmon

A recent report by the McDowell Group provides a historical overview of the consumer evolution and product development that have led to increased demand for Alaska pink salmon (Attachment 6). The Alaska salmon enhancement program has played an important role in providing Alaska fishermen and processors added insurance that sufficient volumes of fish will return each year to maintain current markets and opportunities to expand markets with new products.

This growing demand was highlighted in an open letter to Alaska hatcheries last year from the industry working group (Attachment 7). They outlined the importance of pink salmon hatcheries, the vulnerabilities of Alaska's pink salmon business, and called for a statewide enhanced pink salmon production increase to average 70 million fish per year. A very tall order given that the 1998-2009 statewide enhanced pink salmon average is only 44.4 million fish per year (Attachment 8).

The contributions from the PWS salmon enhancement program to this worldwide demand have been substantial (Attachment 9). You can also see its importance as the total harvest of PWS wild stock pink salmon (1998-2010) has only been greater than 4.0 million fish in six out of the last 14 years. In fact, the PWS pink salmon commercial fishery may not have even opened in four or five of those 14 years had it not been for the salmon enhancement program.

Potential Returns from the Requested Increases

Since brood year 1996, 100% of the enhanced pink salmon fry released in PWS have been thermally otolith marked making them distinguishable in origin and by release

location. This, complemented with a robust cooperative otolith mark recovery program, has increased the accuracy of the estimated enhanced pink salmon adult returns and marine survival performance. With that, PWSAC anticipates that the requested production increases will generate between 1.6 and 6.9 million additional pink salmon adults dependent upon the actual marine survival rate (Attachment 10). This will bring up the average PWSAC enhanced pink salmon return from 22.2 million to 27 million fish. All will be available for the common property fishery and will easily be absorbed in the market place. Alaska salmon processors typically speak in terms of the number of processing days. Even at the high end of the anticipated marine survival range, 6.9 million additional pink salmon (~24 million pounds) only translates into three more processing days. Alternatively, it also translates to only 1.7 million additional pounds spread over 14 processing days during the peak of the run.

Thank you for your consideration. Please let me know if you need any further information.

Sincerely,

David Reggiani
General Manager